

Message Text

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16

ACTION NEA-10

INFO OCT-01 IO-10 ISO-00 ACDA-05 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-03 DODE-00 FEA-01

COME-00 XMB-02 TRSE-00 SS-15 /074 W

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R 110803Z AUG 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1468

INFO USMISSION IAEA VIENNA

LIMITED OFFICIAL USE ISLAMABAD 7320

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHASMA NUCLEAR POWER PLANT

REF: STATE 184982

1. ECON/COM COUNSELOR AND SCIENCE OFFICER CALLED ON PAEC CHAIRMAN MUNIR KHAN, AUGUST 7 AND ASKED HIM WHEN THE BID DOCUMENTS WERE LIKELY TO BE ISSUED. HE REPLIED THAT HE HOPED IT WOULD BE SOON BUT, COULD NOT SAY FOR CERTAIN. HE SAID THAT OTHER GOP ELEMENTS HAD DECIDED THAT BEFORE THE BID DOCUMENTS GO OUT, THE GOP SHOULD TRY TO LINE UP FINANCING FOR THE FOREIGN EXCHANGE PORTION (250 MILLION DOLLARS) OF THE PROJECT. FOR THIS PURPOSE, THE GOP WAS TALKING WITH A NUMBER OF FRIENDLY COUNTRIES FOR THEIR HELP, WHICH COUNTRIES HE LATER IMPLIED AS BEING OPEC MEMBERS. WHEN THESE APPROACHES WERE COMPLETED, THE DOCUMENTS WOULD BE MAILED OUT.

2. THE DOCUMENTS THEMSELVES ARE READY AND MUNIR KHAN POINTED TO A PILE OF THEM RESTING ON THE FLOOR BESIDE HIS DESK. HE SAID HIS ORIGINAL INTENTION WAS TO SEND THEM OUT WEEKS AGO AND INCLUDE IN THEM A REQUEST THAT

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EACH BIDDER SUBMIT A FINANCING PROPOSAL. THIS WAS,

HOWEVER TURNED DOWN BY OTHER GOP AGENCIES. HENCE THE ATTEMPT TO LINE UP FINANCING AHEAD OF TIME.

3. EXIMBANK. LATER IN THE DISCUSSION, MUNIR KHAN SAID THAT ONCE THE EXIMBANK DEBT DIVISION ISSUE BETWEEN PAKISTAN AND BANGLADESH IS SETTLED, THE GOP WOULD LIKELY APPROACH THE BANK FORMALLY TO INQUIRE ABOUT THE POSSIBILITY OF ITS ASSISTANCE. SINCE DISBURSEMENTS WOULD BE SPREAD OVER ABOUT FOUR YEARS, HE DID NOT THINK THAT THE REQUIREMENTS FOR CHASMA WOULD STRAIN THE BANK'S RESOURCES. (COMMENT: HOW THIS RELATES TO THE GOP DESIRE TO LINE UP PRIOR INDEPENDENT FINANCING IS UNCLEAR. IT MAY BE THAT OPEC FINANCING IS PREFERRED BUT NOT A SINE QUA NON FOR THE PROJECT.)

4. U. S. BIDS. HE MENTIONED SIX AMERICAN FIRMS AS BEING INTERESTED IN THE CHASMA PROJECT. BESIDES WESTINGHOUSE, G.E. AND BECHTEL, HE NAMED THREE ENGINEERING CONSULTANT FIRMS (E.G. BURNS AND ROWE) WHICH WISHED TO DO THE DESIGN WORK AND HAVE OVERALL RESPONSIBILITY FOR THE PROJECT. HE ALSO MENTIONED THAT A PITTSBURGH FIRM CALLED 'APPOLLONIA' IS NOW DOING A SPECIAL SITE STUDY TO TEST THE SOIL STRUCTURE FOR EARTHQUAKE VIBRATION AND OTHER EFFECTS.

5. SAFEGUARDS. DURING THE DISCUSSION THE QUESTION OF SAFEGUARD AGREEMENTS AROSE. MUNIR KHAN SAID THAT HE WAS PREPARED TO AGREE TO ANY IAEA OR USG SAFEGUARD AGREEMENTS BUT WAS CONCERNED THAT IN ADDITION THE U.S. MIGHT REQUIRE SOME "ICING" WHICH COULD PROVE AWKWARD. (COMMENT: THIS IS A GUESS BUT HE MAY HAVE BEEN REFERRING HERE TO THE GOP'S DISINCLINATION TO SIGN THE NPT.) HE SAID HE WOULD BE EXPLORING THIS SUBJECT WITH USG REPS AT THE IAEA MEETING IN VIENNA IN SEPTEMBER. HE SEEMED VERY MUCH AWARE OF CONGRESSIONAL SENSITIVITIES ON THE SALE OF NUCLEAR POWER PLANTS ABROAD AND ITS POSSIBLE LINK TO LOCAL NUCLEAR WEAPONS PROGRAMS.
BYROADE

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